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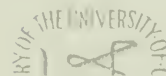
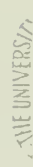
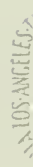
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BANKS AND EXCHANGE COMPANIES:

A LETTER

TO

ALEXANDER BLAIR, ESQ.

TREASURER OF THE BANK OF SCOTLAND,

IN ANSWER TO THE PROSPECTUS ISSUED BY THE PROPOSED
BRITISH TRUST COMPANY.

By GEORGE KINNEAR,

MANAGER OF THE GLASGOW COMMERCIAL EXCHANGE COY.

GLASGOW: DAVID ROBERTSON,

BOOKSELLER TO HER MAJESTY.

EDINBURGH: OLIVER AND BOYD.

LONDON: SIMPKIN, MARSHALL, AND CO.

MDCCCXLVII.

GLASGOW:
PRINTED BY S. AND T. DUNN,
48, Buchanan Street.

that any further call shall be made. No first year ; and the Directors shall have the

2. The paid-up Capital of the Company as a guarantee to their Customers for the

3. The business of the Company shall be managed by the Agents of the funds entrusted to them, (not fixed,) and to the holding of real or personal property arising from moderate commissions.

4. The affairs of the Company shall be managed by six Directors, namely, six for Edinburgh and three for London. The Directors shall have the power of nominating and electing the whole concern.

5. There shall be an Annual General Meeting in March, at which the Directors shall be elected. In the second year one of the Directors shall retire, and in the third year one of the Directors shall retire, and so on at the expiry of one year—and if no vacancy occurs, out by rotation.

The following Gentlemen will act as

PROVINCIAL

WILLIAM MITCHELL

JAMES BROWN, Esq.

JOHN RUSSELL, Esq.

JAMES MONCRIEFF

JAMES T. GIBSON

JAMES HAY, Esq.

A large portion of the Stock of the Company may be addressed to the Provisional Committee, at the Hanover Street, Edinburgh, betwixt and

EDINBURGH, March 12, 1847.

The British Trust Company.

Provisionally Registered, and to be Incorporated under the Statute 7 & 8 Victoria, c. 110

THE great and rapid progress of the United Kingdom in Agriculture, Manufactures, and Commerce, of late years, is well known. Until a comparatively recent period, individual capital, with the aid afforded by the regular Banking Establishments, was amply sufficient to meet the wants of the country. The introduction of the Railway system, and the extension of other means for the investment and employment of capital, have created a demand exceeding former limits, which, however, might have been met by the ordinary resources of the country, had these been duly economised. But the projectors and proprietors of Railroads have been in haste to make investments in New Lines, and to realise Profits; and this eager anticipation of returns has led to the formation of new Establishments, which, taking advantage of the pressure for money, occasioned chiefly by the too rapid extension of the system alluded to, have come into the field at once as Borrowers and Lenders. In the one character, they command means, by allowing rates of interest beyond the ordinary rate of the market, and they are enabled to do so by exacting, in the other character, returns dictated rather by the necessities of parties, or by the expectation of large Profits which may never be realized, than by the real value of money at the time. In ordinary circumstances, the usual rule of adaptation of supply to demand would prevent or greatly check the glaring inequalities in the rates of interest among the different classes of the community, now so remarkable. But the nature and management of the securities on which advances are required, the difficulty of assimilating the rates of Interest under conflicting circumstances, and other causes, have, in a great measure, precluded the Banking Establishments from dealing with numerous parties who are entitled to advances under the altered circumstances of the country; and there seems every reason to believe that neither these requirements nor obstacles will be of a temporary nature. The consequence of this state of matters is a forced and unnaturally high rate of interest on certain classes of transactions, which is alike oppressive to parties needing, and entitled to, reasonable accommodation, and prejudicial to the prosperity of the country.

Under the influence of such considerations, it is proposed to establish an Extended and Influential Company (to be incorporated by Act of Parliament,) to correct the existing evils, and to prevent their recurrence, whose business, as the BRITISH TRUST COMPANY, shall be confined strictly and exclusively to the employment of the funds of others, at rates of interest regulated by the state of market, and the holding of approved property in security for their behoof. The paid-up Capital of the Company will be permanently invested in Government or other recognised securities; they will act merely as Trustees for others dealing with them, and their own profits will arise solely from moderate commissions. Approval, and promises of effectual support to the undertaking, have been received from some of the most influential Bodies in Scotland, as well as from private parties, and there can be no doubt that the benefits to be derived from it, to all classes of the community, will ensure its prosperity and afford a reasonable return on the capital invested.

It is therefore intended to establish the Company, on the following

CONDITIONS.

1. The Capital of the Company shall be one Million, divided into 10,000 shares of £100 each, of which £20 or one-fifth, shall be called up as follows — £5 within fourteen days of the complete registration, and similar instalments of £5 not sooner than three months after the preceding one. It is not intended

that any further call shall be made. No transfer of stock shall take place till after the expiry of the first year; and the Directors shall have the first offer, on the occasion of any sale.

2. The paid-up Capital of the Company shall be invested in Government, or other approved Securities, as a guarantee to their Customers for the Transactions of the Company.

3. The business of the Company shall be confined solely and exclusively to their employment, as Agents of the funds entrusted to them, (not under an amount from individual parties to be afterwards fixed,) and to the holding of real or personal property in security for their behoof, the Company's profit arising from moderate commissions.

4. The affairs of the Company shall be carried on under the management of nine Ordinary Directors, namely, six for Edinburgh and three for Glasgow, each of whom shall hold at least 25 Shares; and the Directors shall have the power of nominating the Officers of the Company, and of regulating and conducting the whole concern.

5. There shall be an Annual General Meeting of the Shareholders in Edinburgh, on the first Tuesday in March, at which the Directors shall lay before them an Abstract of the Company's affairs. After the second year one of the Directors shall annually go out of office, and be incapable of re-election till after the expiry of one year—and if no vacancy otherwise occur, the Director at the top of the list shall go out by rotation.

The following Gentlemen will act as a

PROVISIONAL COMMITTEE

WILLIAM MITCHELL INNES, Esq. of Parson's Green.

JAMES BROWN, Esq. 4, Charlotte Square, Edinburgh.

JOHN RUSSELL, Esq., P.C.S., 9, Shandwick Place.

JAMES MONCRIEFF MELVILLE, Esq. of Hanley, 110, George Street.

JAMES T. GIBSON-CRAIG, Esq., 24, York Place.

JAMES HAY, Esq., 5, Links Place, Leith.

A large portion of the Stock of the Company has already been taken up; and applications for Shares may be addressed to the Provisional Committee, under cover to Messrs DAVIDSON & SYME, W.S., No. 1, Hanover Street, Edinburgh, betwixt and the 26th current, after which none will be received.

EDINBURGH, March 12, 1847.

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sq., P.C.S., 9, Shandwick Place.

F MELVILLE, Esq. of Hanley, 110, George Street.

CRAIG, Esq., 24, York Place.

, 5, Links Place, Leith.

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LETTER.

COMMERCIAL EXCHANGE COMPANY,
66, St Vincent Street,
GLASGOW, 25th MARCH, 1847.

MY DEAR SIR,

YOU will perhaps be surprised that I should thus publicly address you, but I hope you will not be displeased. I hope you will rather be inclined to pity one who is thus put into a position for which he is so little suited by previous habits or experience.

YOU know that, although my life has been spent in the active practice of business, I have had no experience in explaining the theory, and that I can make no pretension to the learning or talent necessary for an author. It is, therefore, with considerable pain that I feel myself called before the public; but I am neither afraid nor ashamed to answer publicly for myself when I am publicly accused. I do not pretend to instruct either you or the public, but only to answer for myself and the Company of which I am Manager. If you find me somewhat prolix and indistinct, I hope you will make some allowance for my inexperience; and even if you cannot approve of the practice which I defend, I hope you will not find that it proceeds from any principles or motives which you will condemn.

What induces me thus to address you is the Prospectus of the *British Trust Company*, which has lately been

published, with the promoters of which (if not with the project itself) you are intimately acquainted.

It has been reported, and pretty generally believed, that this Company has been originated by the Bank of Scotland and the Royal Bank, in order to control, or put an end to, the business of the Exchange Companies, whose operations are viewed by the directors of these banks as prejudicial to the prosperity of these corporations, as well as of the public at large.

I have found many of my own friends who actually believed the unfounded imputations contained in the Prospectus; and one of my most valued friends has written to me to inquire how I could engage myself and him in any concern which was liable to so serious an accusation, proceeding (as he believes) from the oldest and greatest banks in Scotland. I have, therefore, no recourse, in justice to myself and to those who act along with me, but to give a public answer.

I use the liberty of addressing myself to you, because you are at the head of the oldest bank in Scotland, and because I know that you take a deep interest in all the monetary affairs of the country; and if I say anything contrary to the truth, or to sound business principles, there is no one so able to detect and expose the errors into which I may fall. I am also glad to believe, that however we may differ in other respects, we shall agree in this, that no kind of banking can possibly be for the ultimate benefit of those engaged in it, which is oppressive to the customers, or prejudicial to the general prosperity of the country.

I have endeavoured, at various times, to explain to you

the whole nature of the business of the COMMERCIAL EXCHANGE COMPANY, and the way in which it is conducted; and have solicited you to point out any part of it which might appear to you to be inconsistent with sound principles, or subversive of the public good.

You have not done me the favour to point out where we have erred; but I presume I may now learn from the Prospectus of the Trust Company what the evils are which you think we have produced, and which the promoters of that Company, as the guardians of the public welfare, now step forward to cure.

The Prospectus contains a public charge against the existing Exchange Companies, which certainly deserves, and calls for, a public answer. I have, I assure you, much pleasure in answering for the Company of which I am Manager; and I believe an equally good defence could be made for the respectable companies in this city, at Edinburgh, and at Aberdeen, who are engaged in similar transactions. The gentlemen engaged in these companies are well able to answer for themselves, and lest their cause should suffer from anything I may say, I must beg of you to understand that I have no authority to answer for any person whatever but myself, and that no one but myself is answerable for what I may say.

I think I do not go too far when I now publicly attribute the formation of the Trust Company to the Directors of the Bank of Scotland and Royal Bank, because I find the reports which reached me to that effect confirmed by its being brought out by the Law Agents of the Bank of Scotland; and the fact might farther be deduced (by those who know the gentlemen) from the names of the Provi-

sional Committee. I presume also it is this circumstance which is alluded to in the Prospectus in the following terms:—"Approval, and promises of effectual support to the undertaking, have been received from some of the most influential bodies in Scotland."

No one ought to object, and I certainly do not, to the directors of banks, or any other set of gentlemen, establishing an Exchange Company. On the contrary, I am glad to see those gentlemen, who have been all their lives engaged in the monetary business of the country, now coming forward to avow that the progress of the kingdom in agriculture, commerce, &c., has given rise to a new state of affairs, and to a demand for a new kind of accommodation, and that this demand *could not* be met by the "regular banking establishments" of the country. Having agreed on these two great truths, and also on the fact that they were not pleased with the existing Exchange Companies, it was very natural that they should endeavour to get one which would be more subservient to their peculiar views.

Had this been all, I should not have troubled either you or the public with any remarks on the subject. But when they publicly state that they are induced to do so, in order that they may protect the public from the oppressive and injurious operation of existing companies, I think we have a right to be heard against such an accusation. And when they acknowledge that the existing law is inadequate to carry into force their patriotic intentions, and ask for a special Act of Parliament* to

* Although the Trust Company profess to be provisionally registered under an Act which, by-the-bye, *does not apply to Scotland*, it is stated in the Prospectus that it is to be "incorporated by Act of Parliament."

enable them to crush others as public nuisances, I think we are entitled to show whether we serve or injure the public; and, further, to examine the title of these gentlemen to be regarded in the light of public benefactors, of so exalted a character, that they ought to be exempted from common law, and have a special Act of Parliament empowering them to put their intentions in force.

I, therefore, beg your patient attention for a little, while I give you my reasons for believing,—

I. THAT THE EXCHANGE COMPANIES DO NOT INJURE THE PUBLIC IN THE WAY CHARGED AGAINST THEM.

II. THAT THEY HAVE RENDERED VERY GREAT SERVICE TO THE PUBLIC ALREADY, AND ARE CALCULATED TO DO A GREAT DEAL MORE.

Before doing so, I beg to remark, that while I fully agree with the promoters of the Trust Company, that the accommodation afforded by Exchange Companies is not such as can be granted by the regular banking establishments, I totally disagree with the reasons they give for the fact. As they either do not know the reason, or at least do not mention it, I shall take the liberty to state it. The advances of Exchange Companies are all made, irrespective of commercial credit, on the security of shares in Joint-Stock Companies. Although these shares present the most undeniable and complete security, *they do not present* what all prudent bankers understand by a *legitimate banking security*. Every banker knows that he might as well devote his funds to lending over land as over shares; that when he does so, he in reality *abstracts*

his funds from banking, and to that extent loses his banking power ; and that, just in proportion as he does so, he must be prepared to give up his commercial business.

It is this which has induced prudent bankers, not only in Scotland but everywhere else, to repudiate such transactions as inconsistent with the prosperity of their commercial business. They do occasionally lend a customer over his shares, as they also occasionally lend a customer over the security of his title deeds, but they regard both as equally foreign to their legitimate business, and are well aware that if they practised either for any length of time they would ruin their legitimate commercial trade.

It is stated that the Trust Company is to protect the public from certain new establishments (meaning Exchange Companies), who, it is stated, have created "*a forced and unnaturally high rate of interest*," which is supposed to be "*equally oppressive to the parties needing reasonable accommodation, and prejudicial to the prosperity of the country*."

This is the accusation, which is again stated in the following words in the Prospectus:—"New establishments have come into the field at once as borrowers and lenders. In the one character, they command means by allowing rates of interest beyond the ordinary rate of the market, and they are enabled to do so by exacting, in the other character, returns dictated rather by the necessities of the parties, or by the expectations of large profits which may never be realised, than by the real value of money at the time."

A grievous charge, which amounts in reality to this, that we impose upon the public by paying too high a rate

of deposit interest; and that we are enabled to do so only by charging those who borrow from us, a rate of interest dictated more by their necessities than by the value of the accommodation we give them.

I hope I shall be able to show that in neither of these ways do we oppress the public, and that, therefore, the generous interference proposed is quite unnecessary. I think I cannot do so in any way more convincing to you, than to compare the rates of the COMMERCIAL EXCHANGE COMPANY with those of the Bank of Scotland.

The COMMERCIAL EXCHANGE COMPANY allows interest at 5 per cent. on deposits for six months certain, and repayable at three months' notice. The Bank of Scotland allows interest at 4 per cent. on deposits repayable at call. I may appeal to any respectable banker, bill-broker, or money-dealer of any kind, if a difference of 1 per cent. per annum is too much between money for nine months certain, and money at a moment's notice? I maintain that it is not; and that the extra 1 per cent. which we pay is justly due on account of the superior character of the article which we receive. But these disinterested gentlemen are perhaps aware that the public would not be very hard upon us for *paying* too high a rate of interest. The real point and venom of the accusation lies on the other side, namely, that we *charge* the public "an unnaturally high rate of interest," "alike oppressive to the parties, and prejudicial to the prosperity of the country," "dictated rather by the necessities of the parties," &c. &c.

This is our heaviest crime. We oppress the necessitous. We take advantage of those who are silly enough

to deal with us. This accusation is put in what is intended for elegant and dignified language in the Prospectus; but in simple and familiar conversation, I am told these same gentlemen have given vent to their virtuous indignation in such epithets as "Jews," "Usurers," "Extortioners," and similar expressions.

Now, what is the fact? The whole of the money lent by the COMMERCIAL EXCHANGE COMPANY is at the rate of $6\frac{1}{2}$ per cent. per annum, and is lent for six months at a time. On all six months' paper the Bank of Scotland charge 6 per cent., so that the COMMERCIAL EXCHANGE charge only one-half per cent. more than the Bank of Scotland. Nor is this half per cent. charged for nothing; as the Bank has no trouble in taking bills at six months, while the Exchange Company has the trouble and risk of taking over securities, and of renewing and changing them for the parties as they may desire.*

I am aware that such advertised rates are not strictly adhered to by banks, and that extra rates are sometimes charged by banks on extra transactions; you may, therefore, be led from this to suppose, that although the COMMERCIAL EXCHANGE COMPANY profess to charge only $6\frac{1}{2}$ per cent., yet that on extra transactions something beyond that may perhaps be charged.

I assure you, however, that in no single case has any person been charged more than the advertised rate of $6\frac{1}{2}$ per cent. I am the more anxious to impress this upon you, because the contrary has been both insinuated and

* I am sorry, however, that we even exceed the rate of the Bank by one-half per cent. per annum; but if the business proceeds as well as it has hitherto done, and the public are pleased to afford the Company sufficient support, I hope to see this rate reduced to six per cent.

broadly asserted. Now I beg to repeat, that in no case has any individual been charged (in any shape whatever, directly or indirectly) more than the openly-professed rate of the Company, $6\frac{1}{2}$ per cent. I may also add, that no transaction has ever been charged less.

This does not look like usury or extortion. When such things are done, I believe they are generally managed by some side-wind, such as charging one-half per cent. on the highest sum advanced at any time during the year, or on the highest sum allowed to be drawn, whether it is actually drawn or not; a charge which I believe some banks do make, without being considered great usurers. But the COMMERCIAL EXCHANGE COMPANY has never resorted to any such practice. The directors fixed what was a *reasonable charge on undoubtedly good securities*; this charge has been approved of and paid by many gentlemen of the greatest wealth and the greatest intelligence in the country, and *no more has ever been charged to any one, on any pretence whatever*. In place, therefore, of the COMMERCIAL EXCHANGE COMPANY being justly blameable on this ground, I appeal with confidence to the merchants of this great city, if it may not rather be held up to the banks, as exhibiting an example of fairness and open dealing, worthy of their imitation?

Let me again state the rates of both establishments. The Exchange Company allows 5 per cent. for money, and charge $6\frac{1}{2}$ per cent., making a fixed difference in favour of the Company of $1\frac{1}{2}$ per cent. The Bank of Scotland allows on current accounts $3\frac{1}{2}$ per cent., on deposit receipts 4 per cent., and charges on bills under 4

months 5 per cent., and above 4 months 6 per cent.; making a difference in favour of the Bank varying from 1 per cent. up to $2\frac{1}{2}$ per cent.

I again appeal to the intelligent merchants of this great city, and to the whole country, which company is most open to the charge of taking advantage of the necessities of borrowers, or of endeavouring to extract an undue rate of interest from the public? I might go on to show that parties who receive dividends from the stock given in security, at the rate of 5 or $5\frac{1}{2}$ per cent., cannot be much "oppressed" by being charged $6\frac{1}{2}$ per cent. interest on that portion advanced by the Exchange Company.

But if we had charged our customers ever so much, and if our charges had been as oppressive and grinding as they have been moderate and just, I fear this would have failed of itself to raise the virtuous indignation of the Bank of Scotland and the Royal Bank. That portion of the public who would have been suffering thus under our grinding oppression, might have sighed in vain for deliverance, had it not been for the other circumstance alluded to. If we had been contented to keep to ourselves all that we charged, we might have extracted as much as we chose, or as we were able, out of the public.

Our real crime in the eyes of these banks is not that we extract too much out of the public—it is the direct contrary—it is, that we allow the public to extract too much out of us. If we had not allowed a higher rate of interest to depositors than the banks do, the public would not have enjoyed—as they now do—the magnanimous and disinterested championship of these great

corporations. The COMMERCIAL EXCHANGE COMPANY would have continued to enjoy the favour and support of the Bank of Scotland and the Royal Bank. And the *British Trust Company*!—I fear that poor little bantling would have been left to its natural and proper fate—that is, to fall still-born into the grave of forgetfulness, which, sooner or later, awaits all such unnatural and forced productions.

The public should therefore understand clearly what our offence is; and as the Trust Company do not make it sufficiently plain in their Prospectus, I shall take the liberty of stating it. The Directors of the COMMERCIAL EXCHANGE COMPANY have allowed to the public 5 per cent. on money deposited with them; and they have done so, although the Bank of Scotland and the Royal Bank only allow 4 per cent.

I have already said that we are fully justified in the rate we pay for money, by the rate fixed for deposits by the Bank of Scotland and the Royal Bank themselves. If money, repayable on demand, be worth to these banks 4 per cent., it follows as a matter of course, that money for six months certain and repayable at three months' notice, ought to be worth 5 per cent.

I consider this a sufficient apology; but, in truth, I do not think any apology at all necessary. On the contrary, this is a portion of our business which I look upon with the greatest pleasure; and I do not know anything which would give me so much pain, or to which I would consent with so much reluctance, as to reduce this rate.

I beg of you to recollect what class of people it is who are the great majority of depositors. Mostly persons in-

capable of working—maiden ladies, widows, and orphans—people incapable of making the most of their money for themselves—nay, most of them, either from their sex or their ignorance of business, hardly capable of judging where their money is safe.

It is a very great pleasure to me to know that the establishment of the Exchange Companies has been of great service to this class of persons. Hundreds of persons of moderate means have had their comforts increased, by the increased interest they thus derive from the money, on the produce of which they are obliged to live; and I rejoice to believe, that thousands will yet enjoy similar benefits.

I am well aware of the smile of derision with which this will be received in certain quarters, and the incredulous cry of “humbug” that will be raised against it. But I would beg of such persons to consider which is the greatest humbug—to point to some supposed injury to the general prosperity of the country, by allowing the interest of money to find its own level, like other articles of merchandise, or to point to so many widows, maiden ladies, and children, who are better fed, better clothed, and better educated, in consequence of receiving the substantial benefit of £20, or £30, or whatever it is, of additional interest for their money.

However much this may be disapproved of by the directors of these two great banks, I feel quite satisfied that the public will look upon it very differently, and will give credit to the Exchange Companies for conferring a great and substantial benefit on a large class of society.

I am also happy to see that the directors of the other

great banks of the country take a more enlarged view of the subject, as they do not hesitate to advise their friends to deposit money with the COMMERCIAL EXCHANGE COMPANY, and some of them also to employ through it that portion of their funds which they can afford to abstract for any considerable length of time from their commercial banking business. Among the number of the latter I was once glad to reckon the Bank of Scotland and the Royal Bank; but although they have withdrawn their countenance and support, I am not at all ashamed to publish the fact of their having done so, because I know that their displeasure has been incurred on account of no fault on the part of the Exchange Company. On the contrary, I believe it to have proceeded entirely from jealousy lest our operations should diminish the amount of deposits in the hands of the banks. But the very terms on which the COMMERCIAL EXCHANGE COMPANY takes in deposits altogether precludes such an idea; for money borrowed for six months certain, and repayable at three months' notice (by whomsoever it may be taken up), can never be said to interfere with the deposits in banks, which are lying there at call, and only waiting till some proper permanent investment be found. In this respect the Exchange Companies no more compete with banks than do the River Trusts, Harbour Trusts, Railway Companies, Road Trusts, and other public undertakings, who borrow money for lengthened periods. There is, in fact, no possible room for jealousy or competition between banks and Exchange Companies, for there is no business undertaken by the one which could be accepted of by the other with any safety or propriety. You will yourself

acknowledge that the Bank of Scotland could not afford to receive money on deposit for nine months certain at 5 per cent.; and I assure you the COMMERCIAL EXCHANGE COMPANY could not afford to give 4 per cent. for money at call. The Prospectus of the Trust Company acknowledges that the accommodation which the Exchange Companies give is not such as can be afforded by the banks; indeed, any banker in any part of the world will at once say so; and I assure you there is not a single accommodation which the banks give to the public (down to the most simple) which the Exchange Companies either have the power, or make the profession, to give. The Exchange Companies neither possess the kind of funds, nor the knowledge of commercial credit, to enable them to do so.

Why, then, should you wish to destroy our usefulness, or injure our character with the public? We do not, in the smallest degree, injure or interfere with the prosperity of commercial banking; on the contrary, the establishment of Exchange Companies must have given a very acceptable apology to prudent bankers for declining to make advances to their customers on securities, which (although quite good in themselves) are as foreign to prudent banking as advancing money on mortgage over land.

If these two banks withdraw their countenance and support from the Trust Company, I have no doubt it will soon fall to the ground; if, on the other hand, you really intend to ask for an Act of Parliament to enable the Company "to correct the existing evils, and to prevent their recurrence," as stated in the Prospectus, we must of course

meet you in Parliament, and, I think, will have no great difficulty in proving that what you call evils are in fact great public benefits. First, by conferring substantial advantages on a certain class of depositors ; and secondly, by enabling the internal improvements of the country to be carried out with an ease and rapidity which could not otherwise be attained.

I beg you will distinctly understand that I do not object to competition, or to the establishment of as many Exchange Companies as you choose, if they are established, like other similar companies, under the common law of the land, and if they are to live, like others, by following the market in borrowing and lending money.

If they be established in this way, and meet us in a fair open market, I do not at all fear their competition, even if they are supported by all the acknowledged weight and influence of the Bank of Scotland and the Royal Bank. But I strongly protest against such a company receiving any peculiar privileges, or any special Act of Parliament ; and still more, if such an act be granted on the ground that the public are oppressed by the existing companies.

I make the present appeal to the public of Scotland with great confidence ; and I have little doubt that if the British Trust Company ever have the temerity to bring such a bill into Parliament it will be dismissed with contempt by men of all parties who know anything of banking and monetary affairs in Scotland.

I am at a loss to understand what is precisely meant by the “ too rapid development ” of the railway system ; it cannot be surely meant that the people of this country

are now enabled to travel too easily, too rapidly, or too cheaply.

But it is needless to examine into the deductions drawn from an assertion, the truth of which I altogether deny. I do not admit that railways have been made with too great rapidity ; on the contrary, it appears to me a subject of reasonable and proper regret, as a great national calamity, that there are obstacles in the way of the rapid development of the system. These obstacles are—the scarcity of labour, and the dearness of money.

The public do not appear to make any complaint of the “too rapid development” of the railways ; on the contrary, they are clamorously calling upon the directors of railways to open new lines, and to increase the trains on the lines already open. This call for additional railway accommodation is not confined to one spot, but the whole country—from “Land’s End to John-o’-Groat’s”—calls loudly and urgently for additional trains, and additional lines of rail. At the present moment it is impossible to get locomotives made fast enough to supply the traffic which the public are pouring down upon the railways.

The promoters of the Trust Company ought surely to be aware that, at this moment, every man whose property, or whose time is engaged in railways, is taxing his resources to the very utmost to meet the incessant demands of the public for an immediate extension of railway accommodation. Yet this is the time which these gentlemen choose for holding up the proprietors of railways as reckless speculators, grasping at “large profits, which may never be realised,” and for making complaints of the evils of “too rapid development.”

I have heard men of a similar spirit boast, with a self-satisfied air (generally after some great fall in the value of shares), and with an affectation of superior wisdom, that *they never had a railway share*; and talk with a pretended compassion, and a good deal of real asperity, against wealth made by railways. This is the true "dog-in-the-manger" spirit. They actually make a boast that they are themselves too selfish to run any risk, and too indolent to make any exertion, to serve the public, yet they are ready to stigmatise those who do so as wild speculators, and make a lamentable growl over their just reward, as if it were the result of gambling. But no sensible man will be ashamed of making money by means which, at the same time, benefit his country; add to the comfort and convenience of all his neighbours, give employment and food to the poor, and which injure no human being.

In conclusion, allow me to entreat you to let the Exchange Companies alone: if they oppress the public, and extort too much from them for the accommodation they can give, the public is quite able to defend itself, and will not be slow to do so by withdrawing its support, without which these companies cannot live. You neither have the power to protect the public in this matter, nor do the public require such a service at your hands.

Before concluding, however, allow me, as an old banker, to say a few words on the present aspect of banking, trade, and manufactures in Scotland.

The triumph of free trade is producing a wonderful effect on the business of this place, and promises, ere long, to increase it many fold. I believe there is now a noble field for the exercise of the talents of a banker of

enlightened views and public spirit in supporting, with judgment and discretion, the struggles now making by commerce to extend itself, and increase our transactions with every part of the world. I believe that there is now open a field for the extension of banking operations worthy of your acknowledged talents, and which would occupy all the funds of the Bank of Scotland in its legitimate field, and would return a richer harvest than any Trust Company, however successful.

I would remind you that in former years, while this great city was growing into its present importance, similar invitations were addressed to the Bank of Scotland and the Royal Bank, but addressed in vain. We heard, indeed, of princely sums * being advanced to dukes and great landed proprietors; but the merchant and the manufacturer, who were nobly struggling to add to the wealth and prosperity of their native land, as well as to spread civilisation and comfort over the rest of the world, were put off with certain wise reflections on the danger of hasting to be rich, and with advices against "too rapid development."

What has been the result? Look at the rich harvest which is reaped by the shareholders in the Union Bank, the Western Bank, the Edinburgh and Glasgow Bank, and the other great banks who have risen into public favour and importance. They divide large annual sums among themselves, and they do so with the hearty goodwill and blessing of their fellow-citizens. They lend their assistance willingly and cordially to any enterprise in

* Witness the advance made by the Royal Bank to the late Duke of Gordon.

which they think they are safe, without pretending to dictate the precise direction in which public energy should flow, or pretending to control or repress what is called "too rapid development."

Another such call seems now to be made, and I do not doubt that another such harvest will be reaped for the next five or six years. Would it not be better for the Bank of Scotland and the Royal Bank to attend to this, their legitimate business, in place of wasting their strength and energy in vain attempts to control the value of money, which is not only out of their proper sphere, but altogether beyond their power?

I hope I have said nothing to disturb our old friendship, or to give the least personal offence to one whom I always look up to with great regard and esteem.

I remain,

MY DEAR SIR,

Yours very truly,

G. KINNEAR.

POSTSCRIPT.

SINCE writing the foregoing, I have a letter on the subject from one who has been long and intimately acquainted with the banking and monied interest of the country, and who thus writes to me :—

"The British Trust Company's Prospectus is a singular production. It admits that till of late years individual capital, with the

aid of regular banks, was adequate to the support of agriculture, manufactures, and commerce; but that, since the introduction of railroads and other means for the employment of capital, new establishments have been formed and come into the money market as borrowers and lenders, disturbing the old system and raising the rates of interest—doing, in fact, that which is calculated to put depositors of money in the way of getting a fair return for its use, *and at the same time affording to men of public spirit and enterprise the means of carrying forward the improvements of the country on a scale that the old establishments were afraid to look at.* They never would have seen their position, had they not felt the ground on which they stand shaking and passing away. They have been blinded by their connection with the landed interest, who, ‘as they live,’ cannot afford to come up in the rate, but who, forsooth, *must be protected at the expense of the industrious classes.*

“Money, like other commodities, rises and falls according to circumstances; and (as Sir Robert Peel said of the corn-laws) the days are gone by when we can legislate to protect one class at the expense of others, *or when banks can regulate the value of money in the face of public enterprise.*

“My own impression is, that the scheme has been too hastily got up, and that, in place of suppressing the Exchange Companies, they have only added one to the number, and perhaps made a stick to break their own heads.”

This extract I would respectfully commend to the careful consideration of yourself and the bank directors, as coming from one who is well qualified to speak on such a subject, and whose name, if I were at liberty to give it, would of itself command attention. What my friend means by the establishment of the New Company being a stick to break the heads of the old banks, appears to be that the Exchange Companies may be thereby induced to grasp at certain portions of banking business. I can only say that, so far as the COMMERCIAL EXCHANGE COMPANY is concerned, there does not exist the smallest wish to interfere with the business of banks in any department whatever.

G. K.

APPENDIX.

GLASGOW COMMERCIAL EXCHANGE COMPANY.

OFFICE—66, ST VINCENT STREET.

CAPITAL—£1,000,000, IN SHARES OF £10 EACH, OF WHICH
£5 PER SHARE IS PAID UP.

CONSTITUTION OF THE COMPANY.

THIS Company has been established for the purposes—

1st, Of advancing Money on the security of Railway Stock, and other convertible Securities.

2d, Of receiving Money on Deposit for the purposes above mentioned.

PRESENT TERMS OF BUSINESS.

CHARGED

On Loans granted by the Company, not exceeding six months' date, *Interest and Commission, 6½ per cent. per annum.*

ALLOWED

On Deposits of Sums not less than £500, deposited for not less than six months certain, and re-payable at three months' notice, *5 per cent. per annum, payable at Martinmas and Whitsunday.*

Stocks Purchased or Sold in the Markets of London, Liverpool, Edinburgh, and Glasgow, without any charge, except the usual Brokerage.

PROSPECTUS OF THE BRITISH TRUST COMPANY.

Provisionally Registered, and to be Incorporated under the Statute 7 & 8 Vict., c. 110.

The great and rapid progress of the United Kingdom in Agriculture, Manufactures, and Commerce, of late years, is well known. Until a comparatively recent period, individual capital, with the aid afforded by the regular Banking Establishments, was amply sufficient to meet the wants of the country. The introduction of the Railway system, and the extension of other means for the investment and employment of capital, have created a demand exceeding former limits, which, however, might have been met by the ordinary resources of the country, had these been duly economised. But the projectors and proprietors of Railroads have been in haste to make investments in New Lines, and to realise Profits; and this eager anticipation of returns has led to the formation of New Establishments, which, taking advantage of the pressure for money, occasioned chiefly by the too rapid extension of the system alluded to, have come into the field at once as Borrowers and Lenders. In the one character they command means, by allowing rates of Interest beyond the ordinary rate of the Market; and they are enabled to do so by exacting, in the other character, returns dictated rather by the necessities of parties, or by the expectation of Large Profits which may never be realised, than by the real value of money at the time. In ordinary circumstances, the usual rule of adaptation of supply to demand would prevent or greatly check the glaring inequalities in the rates of Interest among the different classes of the community, now so remarkable. But the nature and management of the securities on which advances are required, the difficulty of assimilating the rates of Interest under conflicting circumstances, and other causes, have in a great measure precluded the Banking Establishments from dealing with numerous parties who are entitled to advances under the altered circumstances of the country; and there seems every reason to believe that neither these requirements nor obstacles will be of a temporary nature. The consequence of this state of matters is a forced and unnaturally high rate of interest on certain classes of transactions, which is alike oppressive to parties needing, and entitled to, reasonable accommodation, and prejudicial to the prosperity of the country.

Under the influence of such considerations, it is proposed to establish an Extended and Influential Company (to be incorporated by Act of Parliament), to correct the existing evils, and to prevent their recurrence; whose business, as the **BRITISH TRUST COMPANY**, shall be confined strictly and exclusively to the employment of the funds of others, at rates of interest regulated by the state of the market, and the holding of approved property in security for their behoof. The paid-up Capital of the Company will be permanently invested in Government or other recognised securities; they will act merely as Trustees for others dealing with them, and their own profits will arise solely from moderate commissions. Approval, and promises of effectual support to the undertaking, have been received from some of the most influential Bodies in Scotland, as well as from private parties; and there can be no doubt that the benefits to be derived from it; to all classes of the community, will ensure its prosperity, and afford a reasonable return on the capital invested.

It is therefore intended to establish the Company on the following conditions:—

1. The Capital of the Company shall be one Million, divided into 10,000 shares of £100 each, of which £20, or one-fifth, shall be called up as follows:—£5 within fourteen days of the complete registration, and similar instalments of £5 not sooner than three months after the preceding one. It is not intended that any further call shall be made. No transfer of stock shall take place till after the expiry of the first year; and the Directors shall have the first offer, on the occasion of any sale.

2. The paid-up Capital of the Company shall be invested in Government, or other approved Securities, as a guarantee to their Customers for the transactions of the Company.

3. The business of the Company shall be confined solely and exclusively to their employment as Agents of the funds entrusted to them (not under an amount from individual parties, to be afterwards fixed), and to the holding of real or personal property in security for their behoof, the Company's profits arising from moderate commissions.

4. The affairs of the Company shall be carried on under the management of nine Ordinary Directors, namely, six for Edinburgh and three for Glasgow, each of whom shall hold at least 25 shares; and the Directors shall have the power of nominating the Officers of the Company and of regulating and conducting the whole concern.

5. There shall be an Annual General Meeting of the Shareholders in Edinburgh, on the first Tuesday in March, at which the Directors shall lay before them an Abstract of the Company's affairs. After the second year one of the Directors shall annually go out of office, and be incapable of re-election till after the expiry of one year—and if no vacancy otherwise occur the Directors at the top of the list shall go out by rotation.

The following Gentlemen will act as a Provisional Committee:—

William Mitchell Innes, Esq. of Parson's Green; James Brown, Esq., 4, Charlotte Square, Edinburgh; John Russell, Esq., P.C.S., 9, Shandwick Place; James Moncrieff Melville, Esq. of Hanley, 110, George Street; James T. Gibson-Craig, Esq., 24, York Place; James Hay, Esq., 5, Links Place, Leith.

A large portion of the stock of the company has already been taken up; and applications for shares may be addressed to the Provisional Committee, under cover, to Messrs DAVIDSON & SYME, W.S., 1, Hanover Street, Edinburgh, betwixt and the 25th current, after which none will be received.

EDINBURGH, March 12, 1847.



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